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Iowa Farm Values Up Again!



by W. G. Murray

IOWA FARM land values increased an average of $3\frac{1}{2}$ percent in the year ending Nov. 1, 1954. The state average on that date was \$205 per acre—\$7 above the average of a year earlier.

Land values were up in all areas of the state except the southern pasture area where the severity of the drouth brought values *down* 6 percent. Sales activity through brokers was generally lower than in the previous year, according to the analysis of reports from 404 real estate brokers throughout Iowa who replied to the survey this year conducted by Iowa State College.

In all but the southern pasture area, brokers reported that a scarcity of farms for sale contributed to the rise in values. In many cases, tenants were mentioned as becoming active buyers when unable to find farms to rent. Good crops in the northern portions and the drouth in the southern portions affected value changes accordingly.

Is This "It"?

The 1954 rise broke a long-standing record of long swings up and down. Until 1952 we'd had only three farm value swings in Iowa:

Years	Direction	Range per acre
1840-1920	Up	\$ 6-\$255
1920-1933	Down	\$255-\$ 69
1933-1951	Up	\$ 69-\$212

In each of those three periods, the value movement was continuous in the direction indicated. From 1920 to 1933, for example, values declined each and every

year throughout the period. So when values started down in 1952 and 1953, the question was whether or not another long swing was under way. For the moment, it looks as if the average land value has leveled off near \$200 an acre. Why? There are at least two factors:

(1) First and foremost—a level of farm prices and income which will support this near-\$200 average; since 1950 prices received by Iowa farmers have averaged between a 1950 low of 270 and a 1951 high of 317 (1910-14=100).

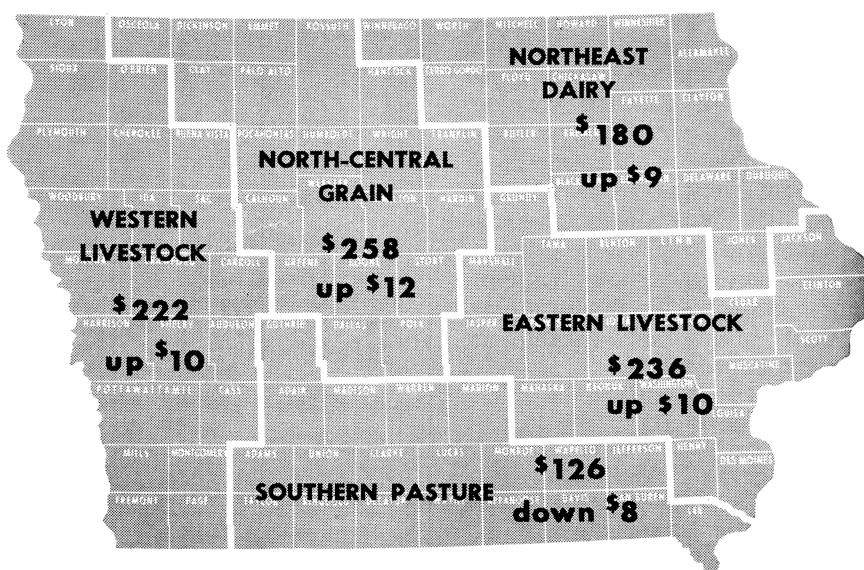
(2) Farm values haven't been bid as high in relation to income as in earlier high-price periods. The possibility of a recession and higher taxes and other costs has made buyers cautious. The spec-

ulative element present in 1919-20 land values has been absent in the 1950-54 period.

High Quality Up Most

The gap between prices for the top and bottom grades of farms continues to widen—high-quality farms are becoming more valuable in comparison with low-quality farms. This is partly because owners of top farms have the funds and have been investing them in their homes, farm buildings and soil productivity. And income is greater from high-grade tillable land as compared with low-grade land, much of which isn't tillable.

Since 1941, when the real estate broker survey was started, the value of low-grade farms as



Here are the dollar changes within types of farming areas for 1954. Map shows the dollar price change of farm land and buildings per acre for the year ending Nov. 1, 1954. State average on Nov. 1 was \$205.

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a percentage of the value of high-grade farms has dropped from about 46 percent then to about 37 percent now. The percentages in 1945 and 1950 were near 43 and 40 percent, respectively.

Area Situations . . .

Northeast dairy area: Farm land values here increased more than in any other area of the state in 1954—up 5.3 percent. This in spite of relatively low prices for dairy products. Buyers were reported coming in from other areas of the state. But brokers indicated there were few farms—particularly high-grade farms—for sale. In this area, scarcity of farms, brisk demand and good crops combined to cause the substantial rise in value. Not all brokers reported increased values. Of 66 brokers making comparisons with 1953, 29 reported higher values, 12 lower values and 25 no change.

North-central grain area: Land values in this area rose an average of 4.9 percent. As in other areas, except the southern pasture area, the scarcity of farms for sale was an important factor in the value rise. Enlargement of farms was mentioned as another factor in the rise. Some brokers reported an increase in investor buyers. Of 77 brokers making comparisons, 40 said values were higher, 17 said values were lower and 20 no change.

Western livestock area: The increase averaged 4.7 percent in this area, and scarcity of farms for sale was the big factor. But the rise was spotty. Brokers in the southern part of the area, for example, mentioned drouth and poor crops as a value-depressing factor. Of 80 brokers making comparisons, 32 said values were higher, 19 lower and 29 no change.

Southern pasture area: Average land values went down 6 percent in this area last year—almost the same percentage decline as in 1953. All grades of land were down. Drouth, lower farm prices and a shortage of farm loan funds were listed by brokers as the chief reasons for the decline. Not all brokers listed a decline, how-

ever. Of 52 brokers making comparisons, 8 said values were higher, 24 lower and 20 no change.

Eastern livestock area: As in three other areas, scarcity of farms for sale aided the average increase of 4.4 percent in land values in this area. Several brokers

mentioned that unimproved tracts of land were in high demand by persons wanting to enlarge their farms because of the high returns from such tracts. Investors were active in some parts of the area, but not in others. Of 62 brokers making comparisons with 1953, 27 reported higher values, 11 lower values and 24 no change.

TABLE 1. Value per Acre of Farm Land and Buildings, by Type of Farming Area, November 1, 1941-54, Real Estate Broker Survey.

Year as of Nov. 1	State average	Types of Farming Areas				
		Central grain	East livestock	West livestock	N.E. dairy	South pasture
1941	\$ 88	\$106	\$101	\$ 90	\$ 87	\$ 58
1942	100	118	115	103	95	67
1943	119	141	138	119	110	83
1944	130	158	151	136	115	89
1945	140	168	167	148	118	98
1946	149	180	177	161	127	103
1947	167	196	200	187	138	117
1948	176	207	204	198	146	124
1949	177	213	203	197	151	122
1950	197	240	226	217	168	135
1951	212	258	244	238	174	148
1952	209	258	240	224	182	143
1953	198	246	226	212	171	134
1954	205	258	236	222	180	126

TABLE 2. Iowa Land Values, 1941, 1945, 1950-54.

Central Grain Area				Northeast Dairy Area			
Year	Grade of Land			Year	Grade of Land		
	High	Medium	Low		High	Medium	Low
1941	\$135	\$108	\$ 75	1941	\$115	\$ 88	\$ 57
1945	218	170	116	1945	163	118	73
1950	324	241	155	1950	242	165	97
1951	351	256	165	1951	257	168	97
1952	349	257	168	1952	265	175	107
1953	332	246	159	1953	252	165	97
1954	351	259	164	1954	268	172	100

Eastern Livestock Area				Southern Pasture Area			
Year	Grade of Land			Year	Grade of Land		
	High	Medium	Low		High	Medium	Low
1941	\$141	\$104	\$ 58	1941	\$ 88	\$ 56	\$ 30
1945	248	161	93	1945	148	96	51
1950	335	220	123	1950	212	128	66
1951	371	230	131	1951	237	137	69
1952	371	226	124	1952	229	133	67
1953	354	213	110	1953	220	123	60
1954	371	225	112	1954	207	115	57

Western Livestock Area				STATE AVERAGE			
Year	Grade of Land			Year	Grade of Land		
	High	Medium	Low		High	Medium	Low
1941	\$120	\$ 94	\$ 57	1941	\$120	\$ 90	\$ 55
1945	203	149	93	1945	196	139	85
1950	306	214	130	1950	284	194	114
1951	338	229	148	1951	311	204	122
1952	322	216	134	1952	307	201	120
1953	307	204	125	1953	293	190	110
1954	321	215	131	1954	304	197	113